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CAPACITY-BUILDING

Revised plan for facilitating capacity-building related to the mechanisms under decision 7/CP.4

Note by the secretariat

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I. INTRODUCTION

A. Mandate

1. The Conference of the Parties (COP), at its fourth session, requested the secretariat "to prepare, for consideration by the subsidiary bodies at their tenth sessions, a plan for facilitating capacity-building in developing country Parties, especially the small island States and the least developed amongst them, for project activities under the clean development mechanism (CDM), and for facilitating the participation of Parties with economies in transition in the other mechanisms" (decision 7/CP.4, paragraph 4).[1]

2. This request was one element of the decision in question, which outlines a work programme on mechanisms, including a list of elements, to be undertaken with priority given to the CDM and with a view to taking decisions on all the mechanisms under Articles 6, 12 and 17 of the Kyoto Protocol at the sixth session of the COP (COP 6), including, where appropriate, recommendations to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session (COP/MOP 1) (decision 7/CP.4, paragraph 1). An initial framework for a plan to facilitate capacity-building (FCCC/SB/1999/4) was considered by the subsidiary bodies at their tenth sessions.

B. Scope of the note

3. This document contains elements for a revised plan for facilitating capacity-building related to the mechanisms, providing options for coordination and orientation, as requested by the subsidiary bodies at their tenth sessions.[2] It is based on views expressed by Parties at the tenth sessions of the subsidiary bodies and subsequent submissions related to mechanisms[3] by Australia, the European Community and its member States, the Group of 77 and China, India, Switzerland, the United States of America and Uzbekistan. These submissions are contained in documents FCCC/SB/1999/MISC.9 and FCCC/SB/1999/MISC.11.

4. Apart from this introduction, the document contains two sections and an annex. Sections II and III identify the needs and modalities for capacity-building as contained in submissions by Parties, providing options for orientation and coordination. The annex contains a summary of information submitted by those organizations currently undertaking relevant capacity-building activities which responded to the invitation extended by the subsidiary bodies. In this context,

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[1] For the full texts of decisions adopted by the Conference of the Parties at its fourth session see document FCCC/CP/1998/16/Add.1.

[2] FCCC/SBSTA/1999/6, paragraph 94 (f).

[3] Submissions on the "contribution of projects to capacity-building and institution-strengthening needs of Parties, particularly for host country Parties", made in the context of the review of the pilot phase for activities implemented jointly (AIJ), are contained in document FCCC/SB/1999/5.

the attention of Parties is also drawn to the information document on a project proposal by United Nations agencies concerning capacity-building support regarding a clean development mechanism (FCCC/SBSTA/1999/INF.8).[4] This document is referred to under item 11(b) of the provisional agenda for the eleventh session of the Subsidiary Body for Scientific and Technological Advice (SBSTA), but may be a useful input for the consideration of capacity-building, i.e. under item 7 of the provisional agenda of both subsidiary bodies.

5. Parties may also wish to refer to document FCCC/SBSTA/1999/11, which contains information on capacity-building needs relating to technology development and technology transfer for African countries, including some elements that are similar to the proposals in this paper. They may also wish to consider the experience gained by the SBSTA as a result of the technology information needs survey of developing countries conducted by the secretariat (FCCC/SBSTA/1998/INF.5) and information on technology information centres and networks in document FCCC/SBSTA/1998/INF.2.

C. Possible action

6. Concerning proposed action by the subsidiary bodies, Parties may wish to consider views of Parties and the suggestions contained in this document, and to provide guidance on:

(a) The integration of capacity-building related to the mechanisms in a comprehensive approach to capacity-building under the Convention and the Kyoto Protocol;

(b) Action to further identify capacity-building needs;

(c) Priority areas for capacity-building and the role of various actors therein;

(d) The need for considering further guidance to the Global Environment Facility (GEF); and

(e) Further work by the secretariat for facilitating capacity-building related to the mechanisms, bearing in mind the need for supplementary funding.

II. IDENTIFICATION OF NEEDS

7. Appropriate capacity-building was seen by Parties to be the foundation of fostering international collaboration in responding to the climate change challenge. There was a general call for an integrated approach to capacity-building under the Convention and the Kyoto Protocol and it was noted that knowledge and skills could be relevant in several areas identified in,

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[4] United Nations Conference on Trade and Development, United Nations Environment Programme, United Nations Development Programme and United Nations Industrial Development Organization, under the leadership of the secretariat.

inter alia, the Buenos Aires Plan of Action (decision 1/CP.4). Efforts undertaken under the Convention could be built upon (e.g. CC:TRAIN, methodological work and activities related to the transfer of technology and know-how).

8. Parties also generally stressed that capacity-building needs had to be identified by recipient country Parties in order to ensure that any assistance provided would be fully endorsed and well-focused, and generate effective participation. As needs may change over time, assessments will need to be carried out at intervals and the offer of capacity-building services adjusted accordingly.

9. The Group of 77 and China indicated priority areas for a number of issues, in particular regarding the CDM. The Group emphasized that capacity-building had to be done for and by developing countries, and that its implementation should take place within the context of the Convention and under the guidance of the intergovernmental process. Capacity-building, including education, raising public awareness, and research, was a prerequisite for the meaningful participation of developing countries in activities related to climate change.

10. Parties considered the initial framework for facilitating capacity-building related to the mechanisms, presented in document FCCC/SB/1999/4, to be useful for developing a systematic approach. It would, however, be the role of Parties to apply and adapt it to their particular circumstances if they wished to do so.

11. The framework, as shown in the table below, takes into account the comments made by Parties and presents a structured approach to capacity-building related to the mechanisms by linking key areas of possible needs and actors, first and foremost at the national, but also at subregional, regional and international levels. Major areas where needs may arise during the design, development and operation of the mechanisms could be: (i) awareness-raising, including access to and dissemination of information; (ii) support for the elaboration of design options for each of the mechanisms; and (iii) operationally-oriented capacity-building for implementation and operationalization as well as for the review process. The extent and form of engagement of various actors, such as stakeholders in central or local governments or the business and non-governmental organization communities, will depend on national strategies and priorities as well as on the provisions eventually agreed upon by Parties for each of the mechanisms. Other potential actors may include subregional and regional governmental and non-governmental organizations as well as the international community. The latter may provide support on specific issues in accordance with the priorities established by the intergovernmental process.

Table. A framework for capacity-building related to the mechanisms

Actors / Areas of possible needs	National		Subregional and regional	International community
	Non-Annex I Parties Government - Central - Local NGOs (business etc.)	**Annex I Parties** Government - Central - Local NGOs (business etc.)	IGOs NGOs	UNFCCC Other United Nations bodies IGOs NGOs
Awareness-raising				
Elaboration of options				
Implementation				
Operationalization				
Review				

NGO = non-governmental organization; IGO = intergovernmental organization

12. If Parties eventually wish to draw up more detailed plans for facilitating capacity-building at national, subregional, regional and global levels, further refinements and expansions of the elements contained in this framework would be required.

13. While no Party has so far submitted a list of its specific capacity-building needs, the submissions did identify priority areas or needs in a generic manner. The following three sections reflect inputs with regard to Articles 12, 6 and 17 of the Kyoto Protocol, i.e. capacity-building needs related to the CDM, Article 6 projects and emissions trading.

A. Needs related to the clean development mechanism

14. Among factors constraining the effective participation of developing countries in the CDM, the Group of 77 and China noted the lack of (i) access to necessary technologies and know-how, including information technology; (ii) appropriate institutions; (iii) financial resources, including for participation in meetings, workshops and seminars; and (iv) a regular forum for the exchange of information and the development of positions among developing countries. The Group further emphasized that capacity-building needed to be seen as a continuous process aimed at strengthening institutions such as the UNFCCC national focal points or national authorities designated to handle climate change activities, universities, subregional and regional institutions, as well as human resources development. The need to strengthen national institutions and, in particular, to provide for a "single window", such as a national coordination office and/or the national focal point, was also mentioned by other Parties.

15. The following list presents - in no particular order - those areas for which, according to non-Annex I Parties, institutional and technical capacity needs to be built as a matter of priority:

(a) Establishment of institutional linkages required for implementing the CDM;

(b) Project identification, formulation and design including, in particular, the development of baselines;

(c) Development of criteria regarding the eligibility of projects (including for sustainable development indicators, e.g. for adaptation);

(d) Procedures for monitoring, verification, auditing and certification of project activities;

(e) Project negotiation skills;

(f) CDM demonstration projects to enhance capacity-building ("learning-by-doing"), including assessment of costs and risks (long- and short-term);

(g) Data acquisition and sharing;

(h) Identification and assimilation of technologies, including the capacity of the private sector to assess its costs and benefits;

(i) Increasing public environmental awareness and "climate literacy", including disseminating information in national languages (particular areas identified were vulnerability to climate change; the limited financial resources for climate-specific mitigation and/or adaptation policies; and the potential benefits of the mechanisms); and

(j) Developing and/or enhancing policy expertise to link strategies and plans with realistic economic and financial analysis.

16. The Group of 77 and China stressed that the special needs of least developed country Parties would need to be addressed both from the point of view of identifying their special technology needs and of capacity-building. The capacity-building effort should be directed at strengthening endogenous expertise for identifying technology needs and at helping enhance the capacity for assimilating technology. Least developed country Parties would also require assistance to build up capacity for monitoring, reporting and verifying emissions, and for selecting, designing and evaluating CDM project activities.

17. Annex II Parties stressed that capacity-building should aim at enabling developing countries to identify, attract, host and successfully complete CDM projects in conjunction with cooperating Parties. They also identified a need to develop knowledge and institutional capacity

for (i) identifying constraints to the implementation of CDM projects, (ii) devising means and policies to overcome such constraints; and (iii) developing project pipelines, i.e. implementing policies and strategies in the context of which potential projects could be elaborated.

B. Needs related to Article 6 projects

18. A number of Parties noted that capacity-building needs for Article 6 projects and for the CDM might be similar in several respects, in particular regarding the institutional, technical and human resources required to master all aspects of the project cycle in collaboration with partners. Indeed, needs listed under items (a)-(j) in paragraph 15 above have also been referred to by experts from Parties with economies in transition (as reported by one Annex I Party, based on initial results of an analysis covering the Czech Republic, the Russian Federation, Slovakia and Uzbekistan).

C. Needs related to emissions trading under Article 17

19. Some Annex II Parties provided input on the needs related to emissions trading under Article 17, as seen from their perspective. Work should be undertaken to ensure that countries with economies in transition have the institutional knowledge and information base to comply with Articles 5 and 7 of the Kyoto Protocol, and to develop policies and methodologies to participate effectively in emissions trading. The following key issues, *inter alia*, should be addressed: (i) the identification and analysis of country-specific capacity-building needs; (ii) assistance with regard to national communications and systems, including the preparation of inventories and national registries; (iii) information relating to the operation of trading systems and potential models for emissions trading systems; and (iv) provision of access to information resources and the strengthening of institutional capacity to enable policy development on emissions trading.

D. Options for the further identification of needs

20. Options mentioned by Parties for further assessing capacity-building needs included the use of in-depth reviews of Annex I Parties' national communications and the consideration of national communications from non-Annex I Parties. The reviews could be used to assess the current inventory systems and to identify needs of Annex I Parties with economies in transition in light of future measurement and reporting requirements for emissions trading. Similarly, the consideration of national communications from non-Annex I Parties might identify technical and institutional needs regarding the development of the CDM and its evaluation (such as expertise for developing and evaluating baselines, and the establishment or strengthening of focal points or national climate change offices).

21. Parties also proposed the further identification of needs through a survey (questionnaire), informal consultations, submissions by Parties and workshops, so as to ensure that information on capacity-building will be systematically collected, compiled and

disseminated. Those carrying out such tasks would need to ensure that existing information, such as that from the pilot phase of activities implemented jointly (AIJ) and the GEF, is taken into consideration and duplication of effort is avoided.

22. If Parties wish to request that a survey be conducted - undertaken by the secretariat or another organization, as appropriate - an adequate time-frame for developing and testing the questionnaire, and for collecting and analysing the results, would need to be indicated. Adequate and additional resources would have to be available.

23. A survey would, *inter alia*, be based on the following considerations: (i) to take into account guidance from the subsidiary bodies regarding priority areas to be covered; (ii) to assess planned, ongoing and completed capacity-building activities relevant to the mechanisms; (iii) to provide the opportunity to identify national expertise and experts; (iv) to identify needs outside the priority areas; (v) to highlight gaps; and (vi) to obtain from Parties comments on the adequacy of the questionnaire for assessing their needs and suggestions for further improvements. In order to minimize the time and resources needed for carrying out the survey, it could, wherever possible, be conducted electronically, if possible directly through the Internet. Apart from an initial survey, results of and remaining needs for capacity-building could subsequently be assessed through direct links via the Internet and other electronic means. Up-to-date information could thus be obtained and shared at low cost. Arrangements would need to be made to ensure that Parties without access to electronic means can participate in the system.[5]

III. MODALITIES FOR CAPACITY-BUILDING

24. This section summarizes inputs by Parties on the modalities for facilitating capacity-building related to the mechanisms and thus focuses on the roles to be assumed by various actors and on preferred means of delivery.

A. Actors

25. As indicated in the framework for facilitating capacity-building, the engagement of various actors, carrying out one or several capacity-building activities, is envisaged. Parties felt that a multitude of actors offering capacity-building might possibly enhance the chances to find a "best fit" solution for particular needs. The Group of 77 and China indicated that priority should be given to actors from developing countries in order to ensure that capacity-building would be done for and by developing countries.

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[5] The secretariat, together with various United Nations partners, has initiated the development of a project to assist UNFCCC national focal points to improve access to information on climate change and communications via electronic means. Initial activities will include the assessment of the level of information and connectivity through a survey of five pilot countries with the help of an expert from a developing country.

26. Parties wish to see the secretariat in the role of a facilitator for (i) identifying needs and "match-making" between the requests for and offers of capacity-building; (ii) disseminating information on activities, knowledge and resources; and (iii) for coordinating the activities of United Nations agencies. The implications of each of these options for the work programme would need to be examined bearing in mind that supplementary funding will be required to support any activities Parties may request on capacity-building (FCCC/CP/1999/INF.1).

27. Parties also proposed that the GEF, as an entity operating the financial mechanism of the Convention, should play a role in developing capacities related to the project-based mechanisms in conjunction with other capacity-building efforts undertaken currently or in the future through the GEF and its implementing agencies (such as the Capacity Development Initiative (CDI) undertaken by the GEF and UNDP). Additional guidance by Parties may be required.

28. The Group of 77 and China suggested, through a draft decision on capacity-building for developing countries, that provisions governing capacity-building activities under the Convention and the Kyoto Protocol should be instituted and their implementation examined by the chairmen of the subsidiary bodies.[6]

B. Means for facilitating and coordinating capacity-building

29. Parties made a number of suggestions for facilitating and coordinating capacity-building related to the mechanisms. Regarding the identification of ongoing activities, a survey and a database were proposed. These would allow better coordination, avoid duplication and permit the reduction of costs for identifying sources of information and additional efforts. Establishing and/or enhancing a roster of experts was proposed, to identify national experts of the country where capacity-building is to take place and to ensure their involvement. The use of electronic options was suggested for the dissemination of information and technical material from all sources. The use of electronic discussion groups and/or bulletins on specific topics should be explored.

30. If Parties wish to see the development of an electronic information network for facilitating capacity-building on the mechanisms, as well as for coordinating ongoing and planned activities, a web site could be set up with a single entry point for accessing information. Such a portal, supported, *inter alia*, by searchable databases, would guide and link users to sources which provide greater detail and allow for queries. Those without direct access to the Internet could receive and supply information through regularly updated CD-ROMs or hard copies and their queries could be answered by non-electronic means. The development and operation of such a facility, possibly in several languages, would require adequate and additional resources. It could be maintained by the secretariat or another organization, as appropriate.

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[6] Elements of such provisions have been reflected in this document, as applicable. For the full text of the draft decision, see FCCC/SB/1999/MISC.9.

31. Workshops were identified as a good means of enhancing awareness, transferring knowledge and exchanging information. It was suggested, however, that an effort be made to enlarge the number of Parties represented in such activities to make this process more cost-effective. Parties should endeavour to participate in such activities. At national and subregional levels, consideration could be given to adding appropriate modules to CC:TRAIN to respond to identified needs and to expand its reach.

32. In addition, the secretariat could continue to organize CC:FORUM meetings on capacity-building, in particular for mechanisms, in conjunction with the sessions of subsidiary bodies and/or the COP. Delegations and representatives of United Nations agencies, and intergovernmental and non-governmental organizations would thus have the opportunity to exchange experience, share knowledge and potentially identify areas of cooperation.[7]

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[7] In 1998 the secretariat organized a workshop on capacity-building for project-based mechanisms (see FCCC/CP/1998/INF.3) as well as, in conjunction with the tenth sessions of the subsidiary bodies, a CC:FORUM on emissions trading focusing on the capacity-building needs of Parties with economies in transition.

Annex

ACTIVITIES OF ORGANIZATIONS

1. Three organizations responded to the invitation extended by the subsidiary bodies at their tenth session to provide information to the secretariat on their current relevant capacity-building activities (FCCC/SBSTA/1999/, para. 94 (f)). Information was received from the United Nations Development Programme (UNDP), the World Bank and the Center for Sustainable Development in the Americas (CSDA).[1]

2. In 1998, UNDP established capacity-building activities in Peru, the Philippines and South Africa related to the CDM, and had previously done so for Bulgaria related to Article 6. The following activities are covered: (i) establishing priority areas; (ii) the identification and formulation of possible prototype projects based on national priority areas identified; and (iii) the dissemination of results and lessons learned among public and private stakeholders as well as exploration of public-private partnerships. National experts carry out the work. Outputs are expected prior to the eleventh sessions of the subsidiary bodies.

3. The World Bank provided the secretariat with information on a programme whereby, under the overall coordination of the World Bank, Switzerland and other bilateral donors (e.g. Australia, Austria, Finland and Germany) provide co-financing for countries to study national strategies for AIJ, joint implementation and the CDM. National authorities are involved in the preparation and approval of the national strategy studies conducted by host country experts in collaboration with experts from donor countries and the World Bank, as necessary. A national project manager assumes overall responsibility for the studies on a day-to-day basis. Each study covers six tasks and a set of operational areas depending on national priorities, building on existing work. The programme encourages the setting up of national Internet sites and makes available all results and lessons learned, *inter alia*, at its own site at http://www.esd.worldbank.org/cc/.

4. The CSDA, together with the Foundation for International Environmental Law and Development and the World Resources Institute, organized the first phase of a multi-stakeholder process related to the CDM consisting of informal meetings for developing country negotiators. It also prepared an analytical tool for use by Central American countries to analyse the competitiveness of such countries in the carbon offset market. It supports other capacity-building activities such as the above-mentioned World Bank programme and the preparation of a "Guide to establishing national CDM offices" as a technical input to the Climate Change Initiative of the United States Agency for International Development.

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[1] Document FCCC/SB/1998/MISC.2 and the addendum contain responses by intergovernmental and non-governmental bodies to a questionnaire on ongoing and planned activities related to the mechanisms pursuant to Articles 6, 12 and 17 of the Kyoto Protocol, including, *inter alia*, capacity-building.